



SF 504 – Natural Resources and Outdoor Recreation Trust Fund and Taxation (LSB1662SV)
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Fiscal Note Version – New

Description

Senate File 504 increases the State sales and use tax rate from 6.0% to 6.375% effective July 1, 2016. As required by the Iowa Constitution, all revenue generated by the 0.375% increase will be deposited in the Natural Resources and Outdoor Recreation Trust Fund, rather than the General Fund. The General Fund will continue to receive the revenue generated by the first 5.0% of the sales tax. The Secure an Advanced Vision for Education (SAVE) Fund will continue to receive the revenue generated by the remaining 1.0%.

Background

An amendment to the Iowa Constitution, ratified on November 2, 2010, created the Natural Resources and Outdoor Recreation Trust Fund and dedicated to the fund revenue generated by any subsequent increase in the sales and use tax rate. **Senate File 504** initiates the first such increase since the effective date of the amendment.

Assumptions

The following growth rates for sales and use tax revenue are assumed:
 FY 2017 - 3.6%
 FY 2018 - 4.0%
 FY 2019 - 3.2%
 FY 2020 - 3.2%
 FY 2021 - 3.2%

Fiscal Impact

The increase in the State sales and use tax rate is expected to generate \$180.6 million in FY 2017 and \$187.8 million in FY 2018 for the Natural Resources and Outdoor Recreation Trust Fund. The following table provides estimated sales tax revenue, including General Fund and SAVE Fund revenue, through FY 2021.

Estimated Revenues (in millions)				
	Total Revenue from 6.375% Sales Tax	Estimated General Fund Revenue	Estimated SAVE Fund Revenue	Estimated Natural Resources Fund Revenue
FY 2017	\$ 3,069.5	\$ 2,407.4	\$ 481.5	\$ 180.6
FY 2018	3,192.0	2,503.6	500.7	187.8
FY 2019	3,295.5	2,584.7	516.9	193.9
FY 2020	3,400.9	2,667.2	533.4	200.2
FY 2021	3,509.7	2,752.6	550.5	206.7

Source

Iowa Department of Revenue

/s/ Holly M. Lyons

May 4, 2015

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
